

The Church of Jesus Christ of Latter-day Saints (Welfare) Limited
(A limited company and registered charity)

Annual Report and Financial Statements

Year ended 31 December 2006

Company number: 1332670

Charity number 274605



The Church of Jesus Christ of Latter-day Saints (Welfare) Limited

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The Church of Jesus Christ of Latter-day Saints (Welfare) Limited

Report of the trustees for the year ended 31st December 2006

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31st December 2006

Legal and administrative details

Charity number 274605

Company number 1332670

Principal Office 751 Warwick Road, Solihull, West Midlands, B91 3DQ

Auditors	Pricewaterhouse Coopers LLP	Donington Court, Pegasus Business Park, Castle Donington, East Midlands, DE74 2UZ
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Bankers	HSBC	34 Poplar Road, Solihull, West Midlands, B91 3AF
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	Bank of America	26 Elmfield Road, Bromley, Kent, BR1 1WA
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Solicitors	Devonshires	Salisbury House, London Wall, London, EC2M 5QY
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Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees

The trustees serving during the year and since the year-end were as follows

Chair
Terry Joe Spallino

Secretary
Clive Richard Jolliffe

Robert John Mulligan	(Appointed 22nd March 2007)
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Andrew Ford	(Resigned 22nd March 2007)
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Area Physical Facilities Manager

Gregg Reeves

Area Welfare Specialists

Elder Sharp

Sister Sharp

Structure, Governance and Management

Governing Document

The Church of Jesus Christ of Latter-day Saints (Welfare) Limited is a limited company and a registered charity. The Charity is governed by its Memorandum and Articles of Association.

Appointment of trustees

As set out in the Articles of Association, new or additional directors are to be appointed by the shareholder (Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints), providing such persons are willing so to act either to fill a vacancy or as an additional trustee.

The shareholder will also determine the rotation and time in which trustees are to retire. Currently no term is fixed to the term served. Trustees shall not be less than two or more than seven in number.

The Shareholder may, from time to time, vary the minimum or maximum number of directors.

Trustee induction and training

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity.

During the induction day they meet key employees and other trustees. Trustees are updated and advised on legal issues by Devonshires Solicitors.

Organisation

The board of trustees, which can have up to 7 members, administers the charity. The board meets at least twice a year. Reports are received in or around each October for the following financial year from the heads of each department for approval by the Trustees. In or around March each year each department gives a report on the previous year.

The trustees monitor progress throughout the year and other trustees meetings are held as and when required.

The Area Physical Facilities Manager is the person who has the primary responsibility for the construction of new church buildings in the UK and Ireland. He ensures that any new church buildings projects are carried out properly and meet the requirements of the charity.

The Area Welfare Specialists take primary responsibility for training and guiding members of the church (and non-members where the opportunity presents itself) regarding self reliance principles and in addition they counsel church leaders how best to cater for the needs of the poor and needy.

Employees

The Charity has the policy of ensuring that it's employees are those that are able to meet the necessary requirements of their position and are up to date on any developments required for their position. This is achieved in a variety of ways.

- Applications for new positions in the charity are invited from anyone with the relevant qualifications - the key emphasis is on their ability to meet the requirements of the position although the application form does request the applicant to mention if they have any illnesses or medical condition which the employer would need to be aware of in order to make reasonable adjustments should they be successful.

- The charity utilises regular staff meetings during the year which help to ensure that the employees' input is received regarding any decisions which affect their interests. In addition there are websites and e-mail facilities available to enable more effective communication and training. This helps to ensure that employees receive systematic updates on matters concerning them as employees and ensures their involvement in relation to the financial and economic factors that affect the performance of the charity.
- In addition to the above points the charity is mindful of the need to cater for those with disabilities. Where any employees become incapacitated during their employment they are entitled to receive long term disability benefits from the charity. Where an employee becomes disabled but not incapacitated the employer will make any reasonable adjustments necessary. On training and career development issues, there is no distinction made between disabled and non-disabled employees. The same opportunities are available to all staff, irrespective of disability. The key emphasis is on technical ability of each employee.

Related parties

The charity has a close relationship with its sister charity The Church of Jesus Christ of Latter-day Saints (Great Britain). There is regular co-operation between the charities.

Risk management

Financial risk

The following statements summarize the charity's policy in managing identified forms of financial risk.

- Price risk – Salary costs are communicated to staff during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices.
- Credit risk – Credit risk on amounts owed to the charity by its customers is low as the majority of its debtors have been contracted with frequently by the charity in the past and have a proven reliability.
- Liquidity risk – The charity has no long-term borrowings. Assurances of continuing financial support have been received from the parent company.
- Interest rate cash flow risk – The charity is able to place surplus funds on short term deposit with the company's bankers.

The trustees have a general risk management strategy which comprises

- an annual review of the risks the charity may face,
- the establishment of systems and procedures to mitigate those risks identified in the plan, and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

Objectives and activities

We have the general aim of assisting The Church of Jesus Christ of Latter-day Saints ("the Church") to grow its membership and to provide facilities for them and to reach out and work with and provide service to the wider community. We assist members of the Church and others in need of religious assistance or in conditions of need, hardship, sickness or distress.

The object of the charity is

- to promote and further the religious and other charitable work of The Church of Jesus Christ of Latter-day Saints in the United Kingdom or elsewhere and to assist members and other persons who are in conditions of need, hardship,

sickness and distress, to all ages and denominations

To achieve the above the charity -

- acquires land and builds purpose built meetinghouses, for The Church of Jesus Christ of Latter-day Saints (Great Britain), in which members of the Church and members of the public can meet together for religious worship and instruction
- teaches members, and non-members where possible, welfare and self reliance principles to ensure that each person is able to have the necessary plans in place to react under emergency situations to provide for themselves and their families in times of hardship

Achievements and performance

The achievements of the charity for the year were as follows

Construction of new buildings - We have an active programme for locating and developing new sites to accommodate the expanding Church membership. One new meetinghouse was built in 2006

New criteria were put in place to ascertain whether new buildings were required which are designed to use existing resources and make better use of funds. This impacted on the original 2006 building plan and was the reason only one building was completed this year. Research is taking place into using modular buildings as a more cost effective alternative.

Encourage welfare principles - Wheat sales were provided to members during the year to the total of £8,000 and were encouraged on its use in preparing food storage. Leaders of the Church were given counsel and direction in how to best cater for the needs of the poor and the needy. The responsibility for this work was undertaken by volunteers. In addition these volunteers provided training in areas such as spiritual, emotional & social strength, physical health, education & literacy, resource & debt management and employment.

The achievements of the subsidiaries for the year were as follows

Each of the subsidiaries' principal activity continues to be that of arable farming and each company operates a policy of generating the highest profits feasible from efficient farming techniques that utilise the latest technology. The companies are committed to maintaining positive trends in crop performance whilst striving to improve economic rewards gained from the continued operating success.

After taking into account the consolidation adjustments the net income of the subsidiaries included in the Statement of Financial Activities was as follows:

Agreserves Limited – £609,000

Farmspeed (Southery Anchor) Limited - £564,000

Hallsworth (Farmland Trust) Limited - £577,000

Financial Review

Each year the trustees carry out a detailed review of each department of the charity. They review the previous year's achievements and review and approve the budgets for next year.

The end of the year saw an excellent financial result based on strong financial management. Costs were contained within budget and were significantly reduced from £14,490,000 in 2005 to £9,096,000 in 2006, particularly due to increased emphasis on budgetary control.

Incoming resources saw a significant increase from £14,308,000 in 2005 to £51,621,000 in 2006. This was primarily due to the direction by the parent company to transfer all inter-company debt to donation income and as a result the parent company donation was £41,674,000 for the year. The other incoming resources were income from trading subsidiaries (£7,467,000), new construction (£2,134,000), investment income (£294,000) and other income (£52,000).

Incoming resources exceeded resources expended for the year by £42,525,000.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish

The invested funds held on deposit achieved an average rate of 4.4% for the year

Reserves policy

The trustees have established the level of reserves (that is those funds that are freely available) that the charity ought to have. Reserves are needed to bridge any funding gaps between spending and receiving resources through shareholder grants and member donations. In addition we maintain reserves that will help to provide for emergency situations as they arise. The trustees' policy is to hold, as a minimum, the equivalent of approximately 12 months' turnover in reserves.

The actual reserves at 31st December 2006 were £51,550,000 which is significantly above our target. This significant increase is largely due to the conversion of inter-company debt to grant income that took place in the year as directed by the parent company.

It is the trustees' view that it is prudent to ensure that there are sufficient reserves to provide financial flexibility.

The reserves policy is reviewed on an annual basis.

Plans for future periods

The goals for 2007 include plans to:

- Implement General Welfare Committee Strategic Priorities
 - 1 Teach members the principles of fasting and fast offerings
 - 2 Teach leaders basic welfare doctrines and principles
 - 3 Help members find employment
 - 4 Encourage home production and storage of food
- Encourage Humanitarian Service in local communities
- Implement the International Welfare Strategy as applicable

In addition

We will continue to work with, and amend where necessary, the new criteria for deciding when to build new buildings. Research will continue into whether using modular buildings is a more cost effective alternative.

- There are plans for 2007 to commence construction on one new meetinghouse and complete one meetinghouse.

Trustees' responsibilities in relation to the financial statements

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to

- Select suitable accounting policies and then apply them consistently,
- Make sound judgements and estimates that are reasonable and prudent, and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the charity will continue in business

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure of information to the auditors

So far as each trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and

Each trustee has taken all the steps (such as making enquiries of other trustees and the auditors and any other steps required by the trustee's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP are to be re-appointed as auditors to the charity for the ensuing year.

By order of the trustees

Clive Jolliffe (Trustee and Secretary)

26 October 2007



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED AND SUBSIDIARY UNDERTAKINGS

We have audited the group and parent charity financial statements ("the financial statements") of The Church of Jesus-Christ of Latter-day Saints and its Subsidiary Undertakings for the year ended 31 December 2006 which comprise the Group and Charity Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of The Church of Jesus Christ of Latter-day Saints (Welfare) Limited and Subsidiary Undertakings for the purposes of company law) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

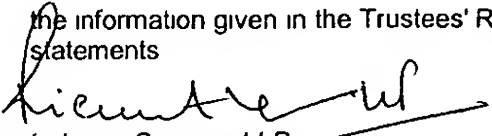
Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable company's affairs as at 31 December 2006 and of the group's and the parent charitable company's incoming resources and application of resources,

including the group's and parent charitable company's income and expenditure and cash flows, for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands

26/10/07

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
AND SUBSIDIARY UNDERTAKINGS

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)
for the year ended 31st December 2006

	Note	GROUP		COMPANY	
		Unrestricted Total funds	As restated	Unrestricted Total funds	As restated
			Unrestricted		Unrestricted
			Total funds		Total funds
		2006	2005	2006	2005
		£'000	£'000	£'000	£'000
Incoming Resources					
<i>Incoming resources from generated funds</i>					
<i>Voluntary income</i>					
Donations		-	500	-	500
Donation from parent company		41,674	-	41,674	-
<i>New construction</i>					
		2,134	5,895	2,134	5,895
<i>Income from trading subsidiaries</i>					
		7,467	7,616	-	-
<i>Profits covenanted from farm activities</i>					
		-	-	577	1,141
<i>Investment Income</i>					
Rental income		10	19	1,128	1,125
Interest receivable		284	237	284	237
		51,569	14,267	45,797	8,898
<i>Other incoming resources</i>					
Other operating income		37	41	37	41
Profit on disposal of tangible fixed assets		15	-	15	-
		52	41	52	41
Total incoming resources		51,621	14,308	45,849	8,939
Resources expended					
<i>Expenses of trading subsidiaries</i>					
		5,717	6,333	-	-
Charitable activities	2a	3,354	8,132	3,522	8,349
Governance costs	2d	25	25	25	25
Total resources expended		9,096	14,490	3,547	8,374
Net income/(expenditure) for the year		42,525	(182)	42,302	565
<i>Total funds brought forward as previously stated</i>					
		10,275	9,207	6,261	5,178
Prior year adjustment	21	(1,250)	-	(518)	-
<i>Total funds brought forward as restated</i>		<i>9,025</i>	<i>9,207</i>	<i>5,743</i>	<i>5,178</i>
Total funds carried forward		51,550	9,025	48,045	5,743

CONTINUING OPERATIONS

None of the charity's activities were acquired or discontinued during the above two financial years

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
AND SUBSIDIARY UNDERTAKINGS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31st December 2006

	2006 £'000	As restated 2005 £'000
Surplus/(deficit) for the financial year	42,525	(182)
Total recognised gain relating to the year	<u>42,525</u>	<u>(182)</u>
Prior year adjustment (as explained in note 21)	<u>(1,250)</u>	
Total gains and losses recognised since last financial statements	<u>41,275</u>	

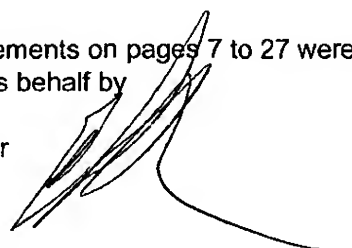
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
AND SUBSIDIARY UNDERTAKINGS

BALANCE SHEETS
As at 31st December 2006

	Notes	As Restated GROUP		As Restated COMPANY	
		2006 £'000	2005 £'000	2006 £'000	2005 £'000
FIXED ASSETS					
Tangible assets	6	49,093	47,700	46,628	44,922
Investments	7	5	5	4,100	4,100
		49,098	47,705	50,728	49,022
CURRENT ASSETS					
Stock	8	4,572	4,798	-	-
Debtors	9	2,544	2,901	4,520	5,083
Cash at bank and in hand		10,957	10,058	8,003	7,706
		18,073	17,757	12,523	12,789
CREDITORS					
Amounts falling due within one year	10	(895)	(959)	(480)	(649)
NET CURRENT ASSETS		17,178	16,798	12,043	12,140
TOTAL ASSETS LESS CURRENT LIABILITIES		66,276	64,503	62,771	61,162
CREDITORS					
Amounts falling due after more than one year	11	(4,726)	(45,419)	(4,726)	(45,419)
PROVISIONS FOR LIABILITIES AND CHARGES	12	-	(59)	-	-
Net assets		61,550	19,025	58,045	15,743
CAPITAL AND RESERVES					
Unrestricted Income funds					
Called up share capital	13	10,000	10,000	10,000	10,000
Accumulated fund	14	51,550	9,025	48,045	5,743
Total charity funds		61,550	19,025	58,045	15,743

The financial statements on pages 7 to 27 were approved by the board of directors on 20 October 2006 and were signed on it's behalf by

C Jolliffe - Director



THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31st December 2006

	Notes	2006 £'000	As restated 2005 £'000
Reconciliation of operating surplus to net cash inflow from operating activities			
Operating surplus/(deficit)	17a	42,088	(566)
Depreciation		972	1,036
Profit on disposal of fixed assets		(15)	(9)
Decrease in stocks		226	872
Decrease/(Increase) in debtors		357	(698)
(Decrease) in creditors		(64)	(1,794)
Net cash inflow/(outflow) from operating activities		43,564	(1,159)
CASH FLOW STATEMENT		2006 £'000	2005 £'000
Net cash inflow/(outflow) from continuing operating activities		43,564	(1,159)
Tax		(60)	16
Returns on investments and servicing of finance	17a	437	384
Capital expenditure and financial investment	17a	(2,349)	(2,587)
CASH FLOW BEFORE FINANCING		41,592	(3,346)
Financing (Repaid to)/Received from parent company		(40,693)	3,342
INCREASE/(DECREASE) IN CASH IN THE YEAR		899	(4)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (note 17b)		2006 £'000	2005 £'000
Increase/(decrease) in cash in the period		899	(4)
Change in net debt resulting from cash flows		40,693	(3,342)
Change in net debt not resulting from cash flows		-	10,000
MOVEMENT IN NET DEBT IN THE YEAR		41,592	6,654
NET DEBT AT 1 JANUARY 2006		(35,361)	(42,015)
NET FUNDS/(DEBT) AT 31 DECEMBER 2006	17b	6,231	(35,361)

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED AND SUBSIDIARY UNDERTAKINGS

ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the Statement of Recommended Practice (SORP), Accounting and Reporting for Charities 2005. A summary of the significant accounting policies which have been applied consistently is set out below

BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention, and in accordance with the Companies Act 1985

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of The Church of Jesus Christ of Latter-day Saints (Welfare) Limited and all of its subsidiary undertakings for the year. All financial statements are made up to 31 December 2006. The consolidation has been prepared using the line by line method of accounting.

FRS 18

The directors have reviewed the accounting policies and confirmed that they are the most applicable.

INCOMING RESOURCES

All incoming resources are included in the SOFA when the organisation is legally entitled to the income and the amount can be quantified with reasonable accuracy. Costs of constructing new buildings on behalf of The Church of Jesus Christ of Latter-Day Saints (Great Britain) are recharged at each year end on the basis of total construction costs incurred to date. Rental income is recorded in accordance with the terms of the appropriate lease.

RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Direct charitable expenditure comprises expenditure directly relating to the objects of the charity.

Governance costs incorporate those costs of governance arrangements which relate to the general running of the charity as opposed to the direct management functions. The costs relating to these activities provide the governance infrastructure which allows the charity to operate and to generate the information required for public accountability. An analysis of these costs are disclosed in note 2.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Individual fixed assets costing £2,000 or more are capitalised at cost. Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write down each asset to its estimated residual value over its expected useful life, as follows:-

Farm houses	over 40 years
Farm buildings and amenities	over 10 to 40 years
Fixtures, fittings,	over 5 to 10 years
Plant and machinery	over 5 to 10 years
Motor vehicles	over 3 to 10 years

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
AND SUBSIDIARY UNDERTAKINGS

ACCOUNTING POLICIES (CONTINUED)

FIXED ASSET INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any permanent diminution in value.

STOCKS

Stocks and cultivations are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Government subsidy is no longer included as part of the net realisable value of the crops as directed by the Rural Payments Agency.

Provision is made for obsolete and slow-moving items. Costs include all direct costs and an appropriate proportion of fixed and variable overheads.

OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

FOREIGN CURRENCY TRANSLATIONS

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of financial activities.

DEFERRED TAXATION

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more or less taxation in future. An asset is recognised to the extent that the transfer of economic benefits in future is more likely than not. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities recognised are not discounted. This policy applies equally to subsidiary undertakings.

PENSION CONTRIBUTIONS

The company is party to a defined benefit scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans (see note 18). The fund is valued every three years by a professionally qualified independent actuary, with rates of contributions payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of contributions made during the year or accrued at the year-end (i.e. on a defined contribution basis), as required by Financial Reporting Standard 17 "Retirement Benefits" in circumstances where the company cannot identify with any degree of accuracy its share of the scheme assets and liabilities. The company provides no other past retirement benefits to its employees.

Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
AND SUBSIDIARY UNDERTAKINGS

ACCOUNTING POLICIES (CONTINUED)

PARENT COMPANY DONATIONS AND CAPITAL CONTRIBUTIONS

Donations by the company's parent undertakings to fund certain aspects of the company's excess of expenditure over income are included within incoming resources in the year to which they relate

Capital contributions by the company's parent undertakings to provide funding, are treated as an exceptional item in the statement of financial activities in the year in which they arise

AREA AID INCOME

Area aid income is recognised in the statement of financial activities when the underlying crops are sold Set-aside income is recognised on a receivable basis wherever practicable else on a receipts basis.

FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the trustees in accordance with the general objectives of the company and which have not been designated for other purposes

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes

Further explanation of the nature and purpose of each fund is included in the notes to the accounts

LEASED ASSETS

Where assets are financed by leasing agreements that give rights approximating the ownership, the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable during the lease term The corresponding lease commitments are shown as obligations to the lessor Lease payments are split between capital and interest elements using the annuity method Depreciation on the relevant assets and interest are charged to the profit and loss account All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term

GOING CONCERN

The company will be able to continue to carry on business as a going concern (and will accordingly be able to pay its debts as they fall due) throughout the coming year

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2006

1a NET INCOME OF TRADING ACTIVITIES OF SUBSIDIARIES

The charity has three subsidiaries which are incorporated in England and Wales. All companies operate farms. Audited accounts prepared for the year ended 31 December 2006 have been filed with the Registrar of Companies which show the following results,

	Farmspeed (Southery Anchor) Limited £'000	Hallsworth (Farmland Trust) Limited £'000	AgReserves Limited £'000	2006 Total £'000	As restated 2005 Total £'000
Turnover	2,109	2,048	3,143	7,300	7,575
Cost of sales	(978)	(1,098)	(1,213)	(3,289)	(3,944)
Gross surplus	1,131	950	1,930	4,011	3,631
Operating expenses	(853)	(896)	(1,797)	(3,546)	(3,495)
Other operating income	-	95	-	95	102
Operating surplus	278	149	133	560	238
Profit on disposal of tangible fixed assets	-	-	28	28	9
Interest receivable	-	-	153	153	163
Charitable payments	(278)	(149)	(150)	(577)	(1,141)
Taxation	-	-	59	59	(16)
Net income/(expenditure) for the year per accounts	-	-	223	223	(747)
Consolidation adjustments eliminated					
Rent payable to parent undertaking	286	428	404	1,118	1,106
Charitable payments to parent undertaking	278	149	150	577	1,141
Management fees receivable from parent undertaking	-	-	(168)	(168)	(217)
Net income of trading subsidiaries included in the Statement of Financial Activities	564	577	609	1,750	1,283

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

1b ASSETS AND LIABILITIES OF SUBSIDIARIES

	<i>As restated</i>	
	2006	2005
	£'000	£'000
Aggregate assets	12,816	13,746
Aggregate liabilities	(5,211)	(6,364)
Net Assets	7,605	7,382

2a ANALYSIS OF CHARITABLE ACTIVITIES

	GROUP		COMPANY	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Cost of construction	3,345	6,993	3,513	7,210
Welfare provision	9	14	9	14
Charitable contributions	-	1,125	-	1,125
	3,354	8,132	3,522	8,349

2b CHARITABLE ACTIVITIES ALLOCATION

Activity	Activities Undertaken Directly	Support Costs	Total
	£'000	£'000	£'000
Construction of church buildings	2,134	1,379	3,513
Welfare provision	7	2	9
Total	2,141	1,381	3,522

2c SUPPORT COSTS ALLOCATION

Support cost	Construction	Welfare Provision	Basis of Allocation
	£'000	£'000	
Depreciation and amortisation	238	-	usage
Physical facilities	52	1	usage
Operating costs	1,089	1	usage
Total	1,379	2	

The basis of allocation was determined by the actual usage in each of the cost categories which was attributable to that particular activity

2d GOVERNANCE COSTS

	2006	2005
	£'000	£'000
Audit and Accounting	23	22
Tax consultancy	2	3
	25	25

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

3 NET INCOME/(EXPENDITURE) FOR THE YEAR

	2006 £'000	2005 £'000
Net income/(expenditure) is stated after charging:		
Depreciation		
- owned assets	972	1,036
Profit on disposal of tangible fixed assets	15	9
Auditors' remuneration - audit services	12	11
Auditors' remuneration - other services	2	3

Auditors' remuneration in relation to other services relates to tax advice given to the company

4 EMPLOYEES

	2006 No	2005 No
The average weekly number of persons (including directors) employed by the group during the year was	40	40

	2006 £'000	2005 £'000
Staff costs for the above persons:		
Wages and salaries	951	912
Social security costs	84	91
Other pension costs	109	91
	1,144	1,094

For the year ended 31 December 2006 the number of employees whose emoluments fell within the following bands are as follows

	2006 No.	2005 No
£70,000 - £80,000	1	0
£60,000 - £70,000	0	1

The number of employees whose emoluments were above £60,000 and who had benefits accruing under the defined benefit scheme were as follows:

	2006	2005
£70,000 - £80,000	1	0
£60,000 - £70,000	0	1

The total pension contributions for the year made for staff whose emoluments were above £60,000 was £12,656

None of the directors who served during the year ended 31 December 2006 received remuneration from this company, nor was any charge made to the company for their services by any other group company. Additionally no director received reimbursement for expenses incurred during the year

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
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5 TAXATION

The company is a registered charity and as such its charitable activities are not liable to UK corporation tax

The company's subsidiaries are liable to UK corporation tax and the charge for the year is not shown within the trading activities of subsidiaries in note 1a.

6 TANGIBLE FIXED ASSETS

GROUP

	Freehold Land £'000	Fixtures & Fittings £'000	Plant & Machinery £'000	Farms £'000	Total £'000
Cost					
1st January 2006	7,110	6	6,105	39,524	52,745
Additions	-	-	536	1,953	2,489
Disposals	-	(6)	(365)	-	(371)
Adjustments	-	-	(21)	(8)	(29)
31st December 2006	7,110	-	6,255	41,469	54,834
Depreciation					
1st January 2006	-	5	3,327	1,714	5,046
Charge for Year	-	-	755	276	1,031
Disposals	-	(5)	(271)	-	(276)
Adjustments	-	-	(21)	(39)	(60)
31st December 2006	-	-	3,790	1,951	5,741
Net book value.					
31st December 2006	7,110	-	2,465	39,518	49,093
31st December 2005	7,110	1	2,778	37,810	47,699

A detailed analysis of farms is shown on page 21

All of the tangible fixed assets are used to generate income for charitable purposes

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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6 TANGIBLE FIXED ASSETS (continued)

COMPANY

	Freehold Land and £'000	Fixtures & Fittings £'000	Farms £'000	Total £'000
Cost				
1st January 2006	7,110	6	39,524	46,640
Additions	-	-	1,953	1,953
Disposal	-	(6)	-	(6)
Adjustments	-	-	(8)	(8)
31st December 2006	7,110	-	41,469	48,579
Depreciation				
1st January 2006	-	5	1,714	1,719
Charge for Year	-	-	276	276
Disposal	-	(5)	-	(5)
Adjustments	-	-	(39)	(39)
31st December 2006	-	-	1,951	1,951
Net book value				
31st December 2006	7,110	-	39,518	46,628
31st December 2005	7,110	1	37,810	44,921

A detailed analysis of the farms category is shown on page 21

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

6 TANGIBLE FIXED ASSETS (continued)

COMPANY

Included within farms above are:

	Freehold Land £'000	Farm houses £'000	Farm buildings & amenities £'000	Equipment Fixtures & Fittings £'000	Total £'000
Cost					
1st January 2006	30,991	4,018	4,433	82	39,524
Additions	1,150	79	723	1	1,953
Adjustments	(1)	(122)	115	-	(8)
31st December 2006	32,140	3,975	5,271	83	41,469
Depreciation					
1st January 2006	-	832	830	52	1,714
Charge for Year	-	113	159	4	276
Adjustments	-	(14)	(24)	(1)	(39)
31st December 2006	-	931	965	55	1,951
Net book value					
31st December 2006	32,140	3,044	4,306	28	39,518
31st December 2005	30,991	3,186	3,603	30	37,810

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

7 FIXED ASSET INVESTMENTS - GROUP

	Listed £'000	Total £'000
Cost		
1 January 2006 and 31 December 2006	5	5
Provision for diminution in value		
1 January 2006 and 31 December 2006	-	-
Net book value		
At 1 January 2006 and 31 December 2006	5	5

The market value of listed investments, which are included above at cost of £5,000, as at 31 December 2006 was £22,795 (2005 £17,034)

COMPANY

	Investment in Subsidiary Undertakings £'000
1 January 2006	4,100
31 December 2006	<u>4,100</u>

The company holds more than 10% of the share capital of the following undertakings:

Name	Country of incorporation	Class of holding	Proportion directly held	Nature of business
AgReserves Limited	England	Ordinary	100%	Farming
Indirect holdings				
Hallsworth (Farmland Trust) Limited	England	Ordinary	100%	Farming
Farmspeed (Southery Anchor) Limited	England	Ordinary	100%	Farming

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
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8 STOCKS	GROUP		COMPANY	
	2006	As restated 2005	2006	2005
	£'000	£'000	£'000	£'000
Cultivations	1,806	1,706	-	-
Harvested crops	2,766	3,092	-	-
	4,572	4,798	-	-
<hr/>				
9 DEBTORS	GROUP		COMPANY	
	2006	As restated 2005	2006	As restated 2005
	£'000	£'000	£'000	£'000
Due within one year				
Trade debtors	2,130	2,370	-	-
Other debtors	414	531	193	277
Amounts owed by group undertakings	-	-	4,327	4,806
	2,544	2,901	4,520	5,083
<hr/>				
10 CREDITORS Amounts falling due within one year	GROUP		COMPANY	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Trade creditors	332	99	-	-
Other taxation and social security costs	-	7	-	-
Other creditors	549	839	466	635
Accruals	14	14	14	14
	895	959	480	649
<hr/>				

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

11 CREDITORS Amounts falling due in more than one year	GROUP		COMPANY	
	<i>As restated</i>		<i>As restated</i>	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Loan from holding company	4,726	45,419	4,726	45,419

The loan from the holding company is a loan from the Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints which is subordinated to the claims of all other creditors. The loan is interest free and there are no fixed repayment terms. During the year £41,674,000 of the loan was forgiven.

12 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax provided in the financial statements is as follows

	GROUP		COMPANY	
	£'000		£'000	
At 1 January 2006	59		-	
Annual movement	(59)		-	
At 31 December 2006	-		-	

	GROUP		COMPANY	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Tax effect of timing differences				
Accelerated capital allowances	-	59	-	-

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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13 SHARE CAPITAL	2006 £'000	2005 £'000
Authorised		
25 million ordinary shares of £1 each	25,000	25,000
Allotted, Issued and fully paid	10,000	10,000

14 TOTAL CHARITY FUNDS	GROUP		COMPANY	
	As restated		As restated	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Balance at 1 January 2006 as originally stated	10,275	9,207	6,261	5,178
Prior year adjustment (note 21)	(1,250)	-	(518)	-
Balance at 1 January 2006 as restated	9,025	9,207	5,743	5,178
Net surplus/(deficit) for the year	42,525	(182)	42,302	565
Balance at 31 December 2006	51,550	9,025	48,045	5,743

15 RECONCILIATION OF MOVEMENT IN CHARITY FUNDS	As restated	
	2006 £'000	2005 £'000
Surplus/(deficit) for the financial year	42,525	(182)
Opening Charities funds (originally £10,275,000 before prior year adjustment of £(1,250,000) - Note 21)	9,025	9,207
Closing Charities funds	51,550	9,025

Charities funds are entirely attributable to equity interests.

16 COMPANY INCOME AND EXPENDITURE ACCOUNT

As permitted by s230(3) Companies Act 1985, the company has not presented its own income and expenditure account.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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17 CASH FLOWS

a Analysis of cash flows	<i>As restated</i>	
	2006 £'000	2005 £'000
Reconciliation of net movement in funds to operating surplus		
Net movement in funds	42,525	(182)
Interest received	(437)	(384)
Operating surplus/(deficit)	<u>42,088</u>	<u>(566)</u>
Returns on investments and servicing of finance		
	2006 £'000	2005 £'000
Interest received	437	384
	<u>437</u>	<u>384</u>
Capital expenditure and Financial Investment		
	2006 £'000	2005 £'000
Purchase of tangible fixed assets	(2,459)	(2,789)
Proceeds from sale of tangible fixed assets	110	202
	<u>(2,349)</u>	<u>(2,587)</u>
b Analysis of changes in net (debt)/funds		
	As restated 1 January 2006 £'000	Cash 31 December Flows 2006 £'000
Cash at bank and in hand	10,058	899
Bank overdraft	-	-
	<u>10,058</u>	<u>899</u>
Debt due after 1 year	(45,419)	(4,726)
Total	<u>(35,361)</u>	<u>6,231</u>

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

18 PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The Company participates in a pension scheme operated by the Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). The scheme is of the defined benefit type and is funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosure of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain). The company has accounted for the scheme as if it was a defined contribution scheme because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members. Contributions to the scheme for the year were £107,339 (2005 £101,224).

19 RELATED PARTY TRANSACTIONS AND ULTIMATE HOLDING COMPANY

The company is owned solely by the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints this company being incorporated in the state of Utah, United States of America.

Details of the loan account with the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints are included in note 11. Assurances of continued financial support have been received from the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints.

During the year the company contracted with another fellow subsidiary, The Church of Jesus Christ of Latter-day Saints (Great Britain) to carry out construction of church buildings on its behalf. The value of this work in the year was £2,134,000 (2005 £5,895,000).

20 FINANCIAL COMMITMENTS

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2006	2005
	£	£
Operating lease	<u>21,525</u>	<u>43,939</u>

21 PRIOR YEAR ADJUSTMENT

The prior year adjustment reflected in the accounts relates to two separate issues.

The first issue relates to the valuation of crops in store in the subsidiaries. Prior to 2005 the subsidiaries have valued crops in store at the lower of cost and net realisable value, including an element of government subsidy relating to those crops. In 2005 the subsidy regime changed with subsidies no longer relating to crops. Unfortunately each of the subsidiaries continued to calculate net realisable value to include the subsidy element as in previous years. The effect of this was to overstate profits for 2005 and the balance sheet at 31 December 2005 by £731,000.

The second issue relates to standard plan development costs which were charged in error during 2005 to The Church of Jesus Christ of Latter-day Saints (Great Britain). These costs were actually in relation to activities carried on by The Church of Jesus Christ of Latter-day Saints (Welfare). The effect of this was to overstate profits for 2005 and the balance sheet at 31 December 2005 by £519,000.

Consequently notes 1(a), 1(b), 2, 8, 9, 11, 14, 15, 17 to these accounts are affected by these changes.